

**STATE CONTROLLER'S OFFICE  
PERSONNEL/PAYROLL REVIEW COMMITTEE NOTES  
MARCH 2007**

Date: April 6, 2007

To: All Civil Service/Exempt Departments

From: State Controller's Office  
Pam Keegan, Manager  
Cynthia Rounds, Manager  
Personnel/Payroll Operations  
(916) 323-2539/324-6290

Re: PERSONNEL/PAYROLL REVIEW COMMITTEE NOTES

This recaps the March 8, 2007 Personnel/Payroll Review Committee (PPRC) meeting and provides information for the May 10, 2007 meeting.

We would like to thank those department representatives that participated in the January meeting for their time and effort. There were 31 representatives from 22 departments that participated in this meeting.

Personnel/Payroll Review Committee  
March 8, 2007 Meeting Notes

Pam Keegan called the meeting to order at 1:30.

Departments Represented:

Alcoholic Beverage Control, Board of Equalization, California Highway Patrol, California State Library, Community Services and Development, Conservation, Consumer Affairs, Corrections, Financial Institutions, Food and Agriculture, Forestry and Fire Protection, Franchise Tax Board, General Services, Justice, Motor Vehicles, Personnel Administration, Public Utilities Commission, Secretary of State, State Controller's Office, Statewide Office of Health Planning, Toxic Substances Control, Water Resources.

Old Business:

None

New Business:

Agenda Items  
Distribute Handout Materials  
Approve Prior Meeting Notes  
Guest Speakers  
SCO Update  
Department Issues/Concerns  
Confirm Next Meeting Agenda, Time and Place

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Discussion:

Approved January 2007 meeting notes.

Guest Speaker: Dave Edwards, Manager SCO's, Customer Support Section, provided some information from the Statewide Training Section. Michele Hawkins is the new statewide training coordinator. She can be reached at (916) 322-0683. Based on data from our users we are providing more of the fundamental classes so that your staff can meet the pre-requisites for the more advanced classes. We increased the number of classes in Fundamentals of Payroll, Personnel and CLAS. If you are just unable to get a staff member into the necessary classes, please consider asking us to do an on-site consultation. If our trainers have the time, they can come to your location and provide the material in an expedited timeframe for your staff. If this is something you would like to consider, contact Michele.

Voluntary Personal Leave (VPLP) was modified effective January 1, 2007. There is now a cap of 240 hours for any employee to bank. We are finding that some employees have exceeded 240 hours. In those cases, we are processing a 350 transaction to delete the premium from the Employment History database for the employee. If you should have questions regarding VPLP, you should contact DPA. PPSD will soon release a CLAS leave letter on VPLP.

It is the agency's responsibility to determine that an employee does not exceed the 240-hour max. If you are a CLAS member, CLAS will assist with this. If you are not on CLAS you must track and take appropriate action for any employee exceeding the max. Please keep in mind that there are employees with a 10% reduction and those employees are granted 16 hours of PL credit per month. We know some of you were thinking that the threshold was a few months away but that is only for employees participating at the 5% / 8 hour level.

CLAS will post 8 hours of holiday credit to employees' leave balances on March 26, 2007 for the Cesar Chavez holiday. Human Resources staff need to be aware that the 2007 Cesar Chavez holiday pay cannot be used until after the end of March.

Question: Why do you post this credit prior to an employee being able to use the time?

Answer: In order to run certain reports and procedures we must have the CLAS system up to date. Individual employees do not have access to CLAS and they should be unaware that this has been posted prior to the close of the pay period.

Intermittent tracking will be fully implemented on CLAS soon. We will place new reports on View Direct showing employees who have reached certain thresholds for a change to be implemented, such as eligibility for health benefits, or time for a salary increase.

Guest Speaker: Marie Martinoni, Department of Personnel Administration, Savings Plus Program (SPP), spoke on the Alternate Retirement Program and Employer

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Training. Marie can be reached at (916) 323-8487. SPP is looking for information on how we can help you. Is there something we could do to make the PMLs more clear? What kinds of problems are you running into? Can we help you with anything related to the Alternate Retirement Program (ARP) or Lump Sum Separation Pay?

SPP was on the road in October 2006 providing training on ARP issues. If you would be interested in having us come to your department, call Marie or send e-mail. E-mail [mariemartinoni@dpa.ca.gov](mailto:mariemartinoni@dpa.ca.gov). New training planned beginning May 2007.

Marie asked if departments are using DPA's PIE system for the ARP worksheet online, or the hard copy worksheet from the PML. SPP is currently in the process of modifying the ARP worksheet.

Question: Would you consider coming to the Bay Area?

Answer: Yes, we could easily travel there for a class.

Question: We know that our agency used the incorrect retirement account code for some employees when ARP changed effective January 2007. Is there a way you can help us find these employees so that we can correct them?

Answer: You can use the Management Information Retrieval System (MIRS) to run a report to find them.

Question: How long is the training class for ARP?

Answer: This is a 2-4 hour class. The class can be modified to suit specific needs.

SCO Update:

Pam Keegan addressed the following:

There are a few items to tell you about.

715 for SDI employees: We will have the 715 transaction fixed so that you can use it to qualify a pay period for an employee working while on SDI. This should be complete by the end of March.

Exempt Filing Status: Every year, we send a listing of employees who have an exempt filing status on our system, to the employing department. We also include a letter to be given to the affected employee reminding them that they are responsible for completing a new EAR form before February 15<sup>th</sup> or their filing status will automatically revert to the default setting which is Single with 0 exemptions. We have been inundated this year with angry calls and letters from employees who state they were not provided this information and have been negatively impacted by the tax withholding from their February warrants. Please be sure to forward this type of information to your employees and also point out to employees filing exempt that the EAR form itself indicates that employees must refile every year to maintain this status.

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**Deductions From Payments/Adjustments:** It is important to remember that deductions are remitted to deduction companies at most, 2 times each month. Specifically, deductions withheld from payments/adjustments with issue dates from the 2<sup>nd</sup> through the 16<sup>th</sup> are remitted on the 16<sup>th</sup> and, deductions withheld from payments/adjustments with issue dates from the 17<sup>th</sup> through the 1<sup>st</sup> of the following month are remitted on the 1<sup>st</sup>. Over the past few months, we've received numerous inquiries from departments regarding the date benefit deductions are reported/remitted to respective companies. The primary questions involve employees that are on SDI and the department requests an A/R to withhold the employee's benefit deductions. In these situations, like with payments, the issue date determines the timeframe of when the deductions are reported and remitted to the companies. For example, an A/R to withhold benefit deductions has an issue date of March 20, 2007 will result in deductions being reported and remitted to the respective company on April 1, 2007.

**Health Vesting:** The Payroll Letter 07-002 is out and posted to our website. Please review this letter at <http://www.sco.ca.gov/ppsd/scoltrs/payr/2007/index.shtml>. One important factor in health vesting is that because the employee shares are higher than normal, retroactivity can seriously impact the employee. If the retroactive amounts are too high, let us know and we will work with you to spread the repayment out over a period of time to ease the impact on the employee. Our retroactivity program looks for the bargaining unit, then looks for an employee to be new to State service with a party code of 2 or 3, then it looks for vesting. Specifically, each month, SCO will change the existing party rate code to the new party rate code for affected employees as needed. Party rate codes are only applicable to non-CoBen employees who have elected dependent coverage. Based on the results of retroactive program, it applies deductions to correct what has been withheld.

Cindy Rounds had these items she asked me to present for her.

**Staffing Changes:** We have 6 Payroll Specialist vacancies, one Senior Payroll Specialist and 2 Personnel Specialist vacancies within PPOB. We are working diligently to get these positions filled. It is inevitable that we will have some impacts from this number of vacancies. We will do everything we can to keep the impacts low.

In addition to the number of vacancies above, Valerie Collins in the Direct Deposit Unit has accepted a promotion to another department so we will have an additional opening at that time.

**Probable Vacant Position Report:** The Probable Report will be run on March 30th and mailed on April 2, 2007. To reduce the number of positions from appearing on the Probable Report in the future, departments should work their monthly Periodic Position Control reports. At this point, departments need to work the Probable Vacant Position Report to ensure any valid positions are not abolished per GC 12439.

If you are sending a 607 as an inquiry, be sure to sign it. That way, if we need to work the 607 we have the authorizing original signature. All 607s that must be processed to save a position have to be at PPSD by June 15<sup>th</sup>. If you need to call about this issue, call Laura Miller at (916) 322-4170.

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We have not conducted Position Control training for a few years. We do, however, offer consultations here at our office. If you need to arrange for a consultation, call Cindy Rounds at (916) 324-6290.

SDI Supplementation and Working While On SDI: We are changing the documentation required from a Form Std. 674 to a Form Std. 674D. Samples of this document were distributed at the meeting. We must have the 674D to issue pay, as the system will not generate pay if the employee is off payroll status. When keying an S50 for SDI, be sure to always include the SDI reference in item 215.

Question: We have been sending 607s directly to SCO without sending them to the Department of Finance first to be stamped. Is this OK?

Answer: If your department has an exemption stamp you can send them directly to SCO if they are below the salary of \$6,332.00. Any position with a salary of \$6332.00 or higher must go to DOF for approval per control section 31 of the Budget Act.

Question: Have there been changes in the CLAS and Benefits phone Liaisons?

Answer: No, there have not been any changes to these liaison units; the phone numbers are the same.

In the benefit liaison, we have had a staff change and we now have a new supervisor. The incoming messages are retrieved several times a day and we make every effort to resolve the questions quickly. We have had a couple of instances where, even though we cleared the incoming messages several times a day, the queue was full and no additional messages could be taken. When this happens we put staff resources on clearing the queue so that the incoming messages can be recorded.

Question: We have one employee who was taken to the old Max for the class on 1-1-07. Then there was a posting of a GEN for this bargaining unit. Another employee received an MSA effective 1-31-07 and they went to the new Max for the class. This cannot be correct is it?

Answer: There probably should have been a SAL posted after the MSA for the first employee. Please contact us with SSA# so that we can research.

Question: How do we pay our employee who is asking for Paid Family Leave?

Answer: This is a part of the Employment Development Department's process related to SDI. Refer your employee to EDD.

Questions: When will the 330's for the Labor Market Adjustment project be posted?

Answer: We posted the 330's on March 14<sup>th</sup>; however, we have approximately 500 that could not be automated. We will be manually processing these after Master Payroll Cutoff.

Question: Why is the SSA# printed on W-2 C? Our management is concerned as these are mailed out of our office to the employee.

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Answer: W-2 forms are exempt from the SB25 prohibition regarding SSA# on items mailed to employees. The SSA# is required by the IRS to be on the document.

Question: My agency wants to know how to include Physical Fitness pay in the overtime calculation if it is not locked into the PAR. Can you advise?

Answer: All Premium Pays are covered by the specific DPA Pay Letter that announces them. You can research the Section 14 from the particular pay differential and see if it is to be included in the overtime, lump sum or retirement calculations. If the premium is to be included, then you would key a PIP transaction that allows you to enter the rate (OF6 for example). When determining the rate to be paid you would include the premium along with the employee's monthly rate and compute the hourly overtime rate to be entered on PIP.

Question: Our department made the decision to not lock in Physical Fitness pay, as it has to be certified each year. Is this a proper practice?

Answer: The appropriate documentation for each Premium Pay is included in the DPA Pay Letter. Since you may not have the documentation portion of a pay letter as old as this one, you may look at the pay differential and see if it is to be pro-rated. It appears that physical fitness pay for BU7 is not to be pro-rated so it is appropriate to pay the monthly premium via PIP and manually compute the FLSA overtime rate to pay.

For premiums that can be pro-rated, the documentation is often to use a 350 transaction; in which case the premium would be included in the system generated overtime computation if they are FLSA covered employees. In this way the premium would stay in effect and be automatically included in the overtime rate until you deleted it by keying another 350 transaction.

Next Meeting:

The next meeting is Thursday May 10, 2007 from 1:30 to 3:00 at:

State Controller's Office  
300 Capitol Mall, 6th Floor, Room 635  
Sacramento, CA 95814

The PPRC encourages attendance by department representatives interested in improving the efficiency of personnel/payroll administration. However, if you are unable to attend these meetings and you have an issue or question you would like the committee to address; please contact Pam Keegan or Cynthia Rounds with pertinent information.

Listed below are the PPRC meeting dates for the 2007 calendar year. All meetings are from 1:30 to 3:00 at the above location.

July 12, 2007  
September 13, 2007

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November 8, 2007

Should you have any questions regarding the PPRC meeting or have additional information to provide, please contact either Pam Keegan at (916) 323-2539 or Cynthia Rounds at (916) 324-6290. They can also be reached via email at [pkeegan@sco.ca.gov](mailto:pkeegan@sco.ca.gov) and [crounds@sco.ca.gov](mailto:crounds@sco.ca.gov), respectively.